



Local Agency Formation Commission of Napa County
Subdivision of the State of California

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We Manage Local Government Boundaries, Evaluate Municipal Services, and Protect Agriculture

Agenda Item 7c (Consent/Information)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer
Kathy Mabry, Secretary

MEETING DATE: June 5, 2017

SUBJECT: Third Quarter Budget Report for 2016-2017

SUMMARY

This item is being presented to the Commission for information purposes only. The Commission will receive a third quarter budget report for 2016-2017. The report compares budgeted versus actual transactions through March 31, 2017. The report projects the Commission is on pace to improve its year-end financial position by eliminating its budgeted funding gap of (\$52,384) and finish with an overall operating surplus of \$31,695.

ANALYSIS

The Commission's adjusted budget for 2016-2017 totals \$534,828. This amount represents the total approved operating expenditures for the fiscal year divided between salaries and benefits, services and supplies, and contingencies. Budgeted revenues total \$482,444 and are divided between intergovernmental fees, service charges, and investments. It is important to note that an operating shortfall of (\$52,384) was intentionally budgeted to reduce the funding requirements of the local agencies and to be covered by drawing down on the unrestricted portion of the fund balance ("reserves"). Unrestricted reserves totaled \$333,430 as of July 1, 2016.

Adjusted Budget Operating Expenses	Adjusted Budget Operating Revenues	Adjusted Budget Year-End Operating Balance
\$534,828	\$482,444	(\$52,384)

Juliana Inman, Commissioner
Councilmember, City of Napa

Margie Mohler, Commissioner
Councilmember, Town of Yountville

Kenneth Leary, Alternate Commissioner
Councilmember, City of American Canyon

Brad Wagenknecht, Chair
County of Napa Supervisor, 1st District

Diane Dillon, Commissioner
County of Napa Supervisor, 3rd District

Ryan Gregory, Alternate Commissioner
County of Napa Supervisor, 2nd District

Brian J. Kelly, Vice Chair
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Brendon Freeman
Executive Officer

Operating Revenues

The Commission’s operating revenues for 2016-2017 were budgeted at \$482,444. Actual revenues collected through the third quarter totaled \$458,674. This amount represents 95% of the adopted budget total with 75% of the fiscal year complete. The following table compares budgeted and actual revenues through the third quarter.

Revenue Units	Adjusted Budget	End of 3 rd Quarter	Dollar Difference	Percent Collected
Intergovernmental	\$449,944	\$449,944	\$0	100.0
Service Charges	\$30,500	\$5,293	(\$25,207)	17.4
Investments	\$2,000	\$3,437	\$1,437	171.9
Total	\$482,444	\$458,674	(\$23,770)	95.1

Actuals in the third quarter and related analysis suggest the Commission will finish the fiscal year with \$459,820 in total revenues, resulting in a deficit of (\$22,624) relative to the budgeted amount. An expanded discussion on budgeted and actual revenues through the third quarter within the Commission’s three revenue units follows.

Intergovernmental

The Commission budgeted \$449,944 in intergovernmental fees in 2016-2017. Half of the total was invoiced to the County of Napa in the amount of \$224,972. The remaining amount was proportionally invoiced to the cities based on a weighted calculation of population and general tax revenues. This latter formula resulted in invoice charges totaling \$35,330 for American Canyon, \$13,209 for Calistoga, \$149,066 for Napa, \$15,908 for St. Helena, and \$11,459 for Yountville. All agency invoices have been paid in full leaving a zero balance.

Service Charges

The Commission budgeted \$30,500 in service charges in 2016-2017. At the end of the third quarter, actual revenues collected within this unit totaled \$5,293 or 17% of the budgeted amount. The collected service charges are predominantly tied to the submittal of proposals associated with annexations, sphere of influence amendment requests, and outside service agreements. It is reasonable to expect no new proposals will be filed during the fiscal year, which would result in a year-end unit total of \$5,293 and a deficit of (\$25,207).

Investments

The Commission budgeted \$2,000 in investment income in 2016-2017. All income generated in this unit is tied to interest earned on the Commission’s fund balance, which is under pooled investment by the County Treasurer. Actual interest earnings generated through the third quarter totaled \$3,437 or 172% of the budgeted amount. It is reasonable to assume the remaining quarter will generate an amount similar to the average of the first three quarters and would result in a year-end unit total of \$4,583 and a surplus of \$2,583.

Operating Expenses

The Commission's operating expenses for 2016-2017 were budgeted at \$534,828.¹ Actual expenses through the third quarter totaled \$301,780. This amount represents 56% of the budgeted total with 75% of the fiscal year complete. The following table compares budgeted and actual expenses through the third quarter.

Expense Units	Adjusted Budget	End of 3 rd Quarter	Dollar Difference	Percent Expended
Salaries/Benefits	\$323,222	\$190,916	\$132,306	59.1
Services/Supplies	\$211,606	\$110,864	\$100,742	52.4
Contingencies	\$0	\$0	\$0	0.0
Total	\$534,828	\$301,780	\$233,048	56.4

Actuals in the third quarter and related analysis suggest the Commission will finish the fiscal year with \$428,125 in total expenses and produce an expense surplus/savings of \$106,703 relative to the budgeted amount. An expanded discussion on budgeted and actual expenses through the third quarter within the Commission's three expense units follows.

Salaries/Benefits

The Commission's adjusted budget for 2016-2017 includes \$323,222 for salaries and benefits. At the end of the third quarter, the Commission's actual expenses within the 10 accounts totaled \$190,916, representing 59% of the budgeted amount. Staff projects the Commission will finish the fiscal year with a unit total of \$244,036 and a surplus/savings of \$79,186. Projected savings are entirely associated with the existing vacancy in the Analyst position.

Services/Supplies

The Commission's adjusted budget for 2016-2017 includes \$211,606 for services and supplies. At the end of the third quarter, the Commission's actual expenses within the 25 accounts totaled \$110,864, which represents 52% of the budgeted amount. Staff projects the Commission will finish the fiscal year with a unit total of \$184,089 and a surplus/savings of \$27,517. Projected savings are primarily associated with lower than expected costs for consulting services, legal services, training/conferences, business travel/mileage, equipment, office supplies, and special departmental expenses relative to the budgeted amounts.

Contingencies

The Commission did not budget funds for contingencies in 2016-2017, and instead will rely on its unreserved fund balance to address any unexpected costs.

ATTACHMENT

- 1) 2016-2017 Third Quarter Budget Sheet through March 31, 2017 with Year-End Projections

¹ On August 1, 2016, the Commission approved a budget adjustment to re-encumber two consultant contracts that resulted in a \$28,640 increase in total operating expenses.



FY2016-2017 THIRD QUARTER BUDGET REPORT

Prepared on May 11, 2017

Expenses		FY2013-14		FY2014-15		FY2015-16		FY2016-17			
		Adjusted FY13-14	Actual FY13-14	Adjusted FY14-15	Actual FY14-15	Adjusted FY15-16	Actual FY15-16	Adjusted FY16-17	Actual 3rd Quarter	%	Projected Year End
Salaries and Benefits											
<u>Account</u>	<u>Description</u>										
51100	Salaries and Wages	155,519	148,968	147,625	150,093	152,582	138,142	194,226	119,566	61.6%	146,036
51200	401A Employer Contribution	-	-	1,000	300	-	2,000	1,000	1,000	100.0%	1,000
51205	Cell Phone Allowance	840	595	840	682	840	401	420	282	67.1%	420
51210	Commissioner/Director Pay	10,000	11,500	10,000	11,125	11,000	9,375	11,000	8,500	77.3%	11,875
51300	Medicare	3,012	2,477	3,012	2,410	3,251	1,951	3,374	1,612	47.8%	2,149
51305	FICA	-	193	-	496	500	395	550	310	56.4%	413
51400	Employee Insurance: Premiums	51,203	30,173	44,796	27,679	42,936	25,002	51,754	25,633	49.5%	35,664
51405	Workers Compensation	400	427	428	428	500	461	2,221	1,666	75.0%	2,221
51600	Retirement	39,595	28,257	39,853	27,040	43,791	24,721	43,690	21,107	48.3%	29,271
51605	Other Post Employment Benefits	12,166	12,166	12,321	12,321	14,751	14,750	14,987	11,240	75.0%	14,987
	Total	272,736	234,756	259,875	232,575	270,151	217,197	323,222	190,916	59.1%	244,036
Services and Supplies											
<u>Account</u>	<u>Description</u>										
52105	Election Services	-	150	-	75	150	-	300	-	0.0%	-
52125	Accounting/Auditing Services	9,126	8,460	10,000	8,128	10,000	7,496	9,500	7,195	75.7%	8,094
52130	Information Technology Services	22,374	22,374	24,000	23,663	24,052	24,052	24,052	18,039	75.0%	24,052
52140	Legal Services	22,540	32,864	32,000	27,670	28,600	26,093	32,000	19,578	61.2%	26,500
52310	Consulting Services	61,500	58,600	107,350	78,097	126,600	59,177	78,840	23,410	29.7%	69,902
52345	Janitorial Services	-	-	-	-	-	420	500	75	15.0%	225
52515	Maintenance-Software	-	4,401	-	1,127	1,500	1,869	2,000	360	18.0%	1,780
52600	Rents and Leases: Equipment	6,000	5,995	6,000	5,594	6,500	5,962	7,000	4,112	58.7%	5,483
52605	Rents and Leases: Building/Land	25,560	25,560	25,560	25,560	25,560	25,560	25,560	19,170	75.0%	25,560
52700	Insurance: Liability	35	35	100	98	150	304	1,206	905	75.0%	1,206
52800	Communications/Telephone	2,950	2,488	2,950	1,232	2,000	3,424	3,000	2,265	75.5%	3,195
52830	Publications and Notices	1,500	1,823	2,000	728	1,500	1,406	2,000	1,314	65.7%	1,604
52835	Filing Fees	850	-	-	-	500	200	500	300	60.0%	400
52900	Training/Conference	4,000	7,494	8,995	5,426	10,000	7,041	10,000	7,443	74.4%	7,950
52905	Business Travel/Mileage	5,000	2,883	2,000	1,866	2,000	1,110	2,000	517	25.8%	554
52906	Fleet Charges	-	-	-	-	-	-	-	38	New	38
53100	Office Supplies	5,000	2,302	4,000	3,410	4,000	2,435	4,000	1,680	42.0%	1,917
53110	Freight/Postage	800	354	800	250	500	200	500	200	40.0%	300
53120	Memberships/Certifications	2,293	2,300	2,335	2,335	2,381	2,381	2,548	2,548	100.0%	2,548
53205	Utilities: Electric	1,500	1,051	1,500	1,107	1,100	1,261	1,600	837	52.3%	1,137
53410	Computer Equipment/Accessories	-	-	-	4,993	-	-	-	418	-	418
53415	Computer Software/License	3,488	183	2,500	6,150	500	-	1,000	145	14.5%	145
53600	Special Departmental Expense	21,500	10,850	15,150	129	4,000	113	3,500	-	0.0%	595
53650	Business Related Meal/Supplies	-	-	-	-	-	-	-	316	New	486
54600	Capital Replacement/Depreciation	3,931	3,931	3,940	-	3,940	-	-	-	-	-
	Total	199,946	194,099	251,180	197,638	255,533	170,504	211,606	110,864	52.4%	184,089
Contingencies											
<u>Account</u>	<u>Description</u>										
58100	Appropriation for Contingencies	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-
EXPENSE TOTALS		472,681	428,854	511,055	425,217	525,684	387,701	534,828	301,780	56.4%	428,125
Revenues											
		FY2013-14		FY2014-15		FY2015-16		FY2016-17			
		Adjusted FY13-14	Actual FY13-14	Adjusted FY14-15	Actual FY14-15	Adjusted FY15-16	Actual FY15-16	Adjusted FY16-17	Actual 3rd Quarter	%	Projected Year End
Intergovernmental											
<u>Account</u>	<u>Description</u>										
43910	County of Napa	209,675	209,675	215,853	215,853	224,972	224,972	224,972	224,972	100.0%	224,972
43950	Other Governmental Agencies	209,675	209,675	215,853	215,853	224,972	224,972	224,972	224,972	100.0%	224,972
----	City of Napa	140,021	140,021	144,529	144,529	149,571	149,571	149,066	149,066	100.0%	149,066
----	City of American Canyon	33,757	33,757	34,422	34,422	35,997	35,997	35,330	35,330	100.0%	35,330
----	City of St. Helena	13,957	13,957	14,145	14,145	14,582	14,582	15,908	15,908	100.0%	15,908
----	City of Calistoga	12,389	12,389	12,907	12,907	13,467	13,467	13,209	13,209	100.0%	13,209
----	Town of Yountville	9,552	9,552	9,850	9,850	11,355	11,355	11,459	11,459	100.0%	11,459
	Total	419,350	419,350	431,705	431,705	449,944	449,944	449,944	449,944	100.0%	449,944
Service Charges											
42690	Application/Permit Fees	10,000	31,488	10,000	48,462	30,000	26,322	30,000	5,043	16.8%	5,043
46800	Charges for Services	500	375	500	1,375	500	625	500	250	50.0%	250
	Total	10,500	31,863	10,500	49,837	30,500	26,947	30,500	5,293	17.4%	5,293
Investments											
45100	Interest	3,000	1,514	2,000	2,202	2,000	2,246	2,000	3,437	171.9%	4,583
	Total	3,000	1,514	2,000	2,202	2,000	2,246	2,000	3,437	171.9%	4,583
REVENUE TOTALS		432,850	452,727	444,205	483,744	482,444	479,137	482,444	458,674	95.1%	459,820
OPERATING DIFFERENCE		(39,831)	23,873	(66,850)	58,527	(43,240)	91,436	(52,384)			31,695

Negative Balance Indicates Use of Reserves